

Message Text

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ORIGIN EUR-03

INFO OCT-01 ISO-00 /004 R

66011

DRAFTED BY: EUR/RPE:ROHOMME:DMS

APPROVED BY: EUR/RPE:ROHOMME

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R 162054Z DEC 75

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

C O N F I D E N T I A L STATE 296160

FOLLOWING REPEAT JERUSALEM 1815 ACTION SECSTATE INFO ABU
DHABI 26 NOV

QUOTE

C O N F I D E N T I A L JERUSALEM 1815

FOR SECRETARY SIMON FROM ASSISTANT SECRETARY PARSKY

PASS TREASURY

E.O. 11652: GDS

TAGS: EGEN

SUBJECT: ASSISTANT SECRETARY PARSKY VISIT TO ABU DHABI
NOV. 23 THRU NOV. 24

1. SUMMARY - PARSKY VISIT NOT ORIGINALLY PLANNED BUT UAE
MINISTER OF PETROLEUM MAN OTAIBA WAS IN RIYADH FOR OAPEC
MEETING. MINISTER MET WITH PARSKY AND MADE SPECIAL REQUEST
THAT PARSKY STOP IN ABU DHABI EN ROUTE TO IRAN. MINISTER
WANTED TO FOLLOW UP ON HIS DISCUSSION IN WASHINGTON AND
DISCUSS HOW TO EXPAND ECONOMIC RELATIONS BETWEEN U.S. AND
UAE. PARSKY WAS ABLE TO ADJUST SCHEDULE TO DO SO. MINISTER WAS
MOST GRACIOUS AND ARRANGED FOR PARSKY TO MEET WITH CROWN PRINCE
KHALIFA AND FOREIGN MINISTER AL-SUWEIDI. FOREIGN MINISTER
INTRODUCED PARSKY TO OTHER MEMBER OF CABINET. MINSTER OTAIBA
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HOSTED LUNCHEON FOR PARSKY. MINISTER ALSO REQUESTED AND THEN

ARRANGED PRESS CONFERENCE FOR PARSKY IN HIS OFFICE. PARSKY ACCOMPANIED BY AMBASSADOR ON ALL VISITS. END SUMMARY.

2. FOLLOWING UP ON DISCUSSION IN WASHINGTON, PARSKY AND ABOVE MENTIONED UAE OFFICIALS AGREED TO ESTABLISH ECONOMIC AND FINANCIAL PROGRAM AS PART OF BOTH COUNTRIES DESIRE TO INTENSIFY U.S. -UAE COOPERATION IN THE FOLLOWING AREAS:

A. SPECIFIC PROJECTS - UAE SOUGHT COOPERATION IN GETTING U.S. PARTICIPATION IN DEVELOPMENT PROJECTS IN UAE. THREE SUCH PROJECTS WERE IDENTIFIED - A GAS PROJECT; A FERTILIZER PROJECT; AND A STEEL PROJECT, THE LATTER TWO BEING UNDERTAKEN WITH INDIA. UAE OFFICIALS DISCUSSED PROJECTS AND AGREED TO SUPPLY MORE INFORMATION AND PARSKY AGREED TO BRING SUCH PROJECTS TO THE ATTENTION OF U.S. FIRMS AND TO COMMUNICATE TO MINISTER OTAIBA DIFFICULTIES THEY ARE EXPERIENCING. OTAIBA WELCOMED U.S. PRIVATE SECTOR PARTICIPATION IN EACH OF THESE PROJECTS AS EQUIPMENT SUPPLIER AND/OR JOINT VENTURE PARTNER. WITH RESPECT TO GAS PROJECT, SOME NEGOTIATION ARE UNDERWAY, AND PARSKY AGREED TO CONTACT COMPANIES WHEN HE RETURNED TO U.S.

B. TECHNICAL COOPERATION - UAE OFFICIALS EXPRESSED DESIRE FOR MORE U.S. TECHNOLOGY AND EXPERTISE. PARSKY AGREED TO ASSIST IN THE PLANNED DEVELOPMENT OF A FEDERAL WATER AND POWER COMPLEX, AND REQUESTED MORE DETAILED INFORMATION.

C. IMMEDIATE PROCUREMENT OF SUPPLIES - UAE OFFICIALS SAID THEY WOULD IDENTIFY IMMEDIATE NEEDS AND PARSKY AGREED TO HELP FACILITATE PROCUREMENT.

3. PARSKY CONTINUED DISCUSSIONS WITH MINISTER OTAIBA ON POSSIBLE LONG TERM OIL CONTRACT. OTAIBA EXPLAINED THAT CURRENTLY CONTRACTS WITH U.S. FIRMS WERE FOR ONLY ONE YEAR, BUT HE DESIRED TO EXTEND LENGTH OF CONTRACT TO FIVE YEARS. AMOUNT OF SUPPLY WOULD BE ABOUT 200,000 B/P/D. PARSKY ASKED IF SUPPLY WOULD BE GUARANTEED IN EVENT OF AN EMBARGO AND ALTHOUGH NOT TOTALLY CLEAR, OTAIBA SEEMED TO BE WILLING TO WORK OUT LANGUAGE. PARSKY EXPLAINED THAT NEGOTIATIONS ON SUCH AN ARRANGEMENT WOULD HAVE TO TAKE PLACE WITH PRIVATE FIRMS BUT HE AGREED TO BRING UAE DESIRE TO THEIR ATTENTION.

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WITH RESPECT TO POSSIBLE U.S. GOVERNMENT PURCHASE, PARSKY EXPLAINED THAT THE QUESTION OF PRICE WOULD BE ESSENTIAL TO ANY PURCHASE BY THE GOVERNMENT AND THAT WE WOULD REQUIRE A SUBSTANTIAL DISCOUNT. MINISTER SAID HE COULDN'T BREAK FROM OPEC BUT HE HAD "SOME FLEXIBILITY". MINISTER AND PARSKY AGREED TO EXCHANGE INFORMATION ON HOW THEY WOULD SEE SUCH A GOVERNMENT DEAL TAKING PLACE.

4. MINISTER OTAIBA RAISED QUESTION OF WHAT MECHANISM WOULD BE SET UP FOR THE NEW U.S.-UAE ECONOMIC AND FINANCIAL COOPERATION AS DESCRIBED ABOVE. HE SUGGESTED ESTABLISHING A COMMITTEE OR COMMISSION AS HAD BEEN DONE WITH OTHER COUNTRIES. PARSKY REACTED NEGATIVELY TO SUCH AN IDEA. HE SAID THAT THERE WAS A REAL DANGER THAT SETTING UP A COMMITTEE WOULD SLOW THINGS DOWN. PARSKY MADE THE SAME POINT TO CROWN PRINCE AND FOREIGN MINISTER. AS A COMPROMISE ALTERNATIVE, PARSKY REPEATED WHAT SECRETARY SIMON HAD SAID TO OTAIBA IN WASHINGTON AND AGREED TO SERVE AS FOCAL POINT IN WASHINGTON FOR ECONOMIC AND FINANCIAL COOPERATIVE PROGRAM. HE AGREED TO BRING IN ALL RELEVANT DEPARTMENTS OF U.S. GOVERNMENT AS AREAS WERE IDENTIFIED. PARSKY STRESSED THAT UAE SHOULD UTILIZE U.S. EMBASSY TO FOLLOW UP ON MATTERS AND EMBASSY WOULD COMMUNICATE TO HIM IN WASHINGTON. SUCH AN ARRANGEMENT WAS ACCEPTABLE AND OFFICIALS ASKED PARSKY TO ANNOUNCE IT. FOREIGN MINISTER ALSO ASKED PARSKY TO PROVIDE HIM WITH WRITTEN DESCRIPTION F SUCH AN ARRANGEMENT WHICH PARSKY AGREED TO DO.

5. MINISTER OTAIBA ALSO RAISED GUEST OF COOPERATION ON INVESTMENT MATTERS. UNFORTUNATELY MINISTER OF STATE FOR FINANCIAL MATTERS WAS NOT IN COUNTRY, BUT WOULD BE COMING TO U.S. SOON AND WOULD MEET WITH PARSKY. INTERESTINGLY, PARSKY DID DISCOVER THAT MORE FINANCIAL RESOURCES WOULD BE AVAILABLE TO UAE FOR INVESTMENT THAN HAD BEEN ANTICIPATED.

6. ALTHOUGH UNEXPECTED TRIP, PARSKY FEELS IT WAS MOST WORTHWHILE. HE BELIEVES THAT IT WAS VERY MUCH APPRECIATED BY UAE OFFICIALS, AND HELPED SOLIDIFY CLOSER REALTIONS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ITINERARY, VISITS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE296160
Document Source: CORE
Document Unique ID: 00
Drafter: EUR/RPE:ROHOMME:DMS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750437-1056
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751238/aaaabhqm.tel
Line Count: 146
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2003 by MartinML>; APPROVED <05 DEC 2003 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ASSISTANT SECRETARY PARSKY VISIT TO ABU DHABI NOV. 23 THRU NOV. 24
TAGS: EGEN, PFOR, BEXP, TC, US, (PARSKY)
To: EC BRUSSELS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006